



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 3
AGENDA DATE: 4/30/2009
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SUBJECT: Approve the negotiation and execution of a loan to the CHESTNUT NEIGHBORHOOD REVITALIZATION CORPORATION, or its affiliate, under the Rental Housing Development Assistance Program, in an amount not to exceed \$1,000,000, in compliance with applicable affordable housing general obligation bond financing requirements and performance goals, to develop a 22-unit multi-family housing facility on the unimproved real property at the corner of East Martin Luther King, Jr. Boulevard and E. M. Franklin Avenue to serve as permanent affordable rental housing with supportive services for low-income elderly persons.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2008-2009 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program using proceeds from General Obligation Affordable Housing Bonds.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING
DEPARTMENT: Austin Housing Finance Corporation

DIRECTOR'S
AUTHORIZATION: _____

FOR MORE INFORMATION CONTACT: Margaret R. Shaw, Austin Housing Finance Corporation, 974-3184

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION: On November 6, 2008, the Board of the Austin Housing Finance Corporation authorized execution of a long-term ground lease agreement with the Chestnut Neighborhood Revitalization Corporation, or its affiliate, for this property.

Approval of funding will assist the Chestnut Neighborhood Revitalization Corporation (CNRC), or its affiliate, with development of a 22-unit affordable rental housing facility for low-income elderly persons on 1.02 acres currently owned by Austin Housing Finance Corporation (AHFC) and located at the corner of East Martin Luther King, Jr. Boulevard and E. M. Franklin Avenue. The property was City of Austin surplus property that was transferred to the AHFC for the development of affordable housing. To facilitate its development, the AHFC issued a Request for Proposals (RFP) in April 2007, to which the CNRC was the only eligible respondent.

Chestnut Corner will consist of 21 one-bedroom units measuring 540 square feet in size for low-income elderly households, and one two-bedroom manager's unit measuring 800 square feet in size. The project is designed as four, two-story buildings with connecting walkways on upper and lower floors served by

an elevator. The facility will also include a community room, a television lounge/library, an administrative office, and an outer garden area. At least two units will be made accessible for persons with mobility disabilities and one unit for persons with hearing and vision disabilities. All units will be fully adaptable.

Residency in the 21 units will be limited to persons who are 62 years of age or older with yearly household incomes of no more than 50 percent of the area's Median Family Income (MFI) - currently no more than \$25,650 for a one-person household, and \$29,300 for a two-member household. The project has been approved for significant funding from the U. S. Department of Housing and Urban Development (HUD) that will include monthly rent subsidies to make the units very affordable for elderly families. Tenants with Housing Choice Vouchers (Section 8) will also be accepted. The property will be managed through an agreement with National Church Residences. Supportive services will be made available to residents on an as-needed basis through coordinated efforts with local service providers including Services for the Elderly, Family Eldercare, and other agencies and organizations.

Rental Housing Development Assistance (RHDA) Program funds requested will be provided as a deferred-payment loan in an amount not to exceed \$1,000,000 at zero percent interest for a minimum term of 50 years, or such other terms as determined applicable and necessary. Lease payments and the repayment of the loan will be deferred on a yearly basis and forgiven at the end of the 50-year period, contingent upon compliance with the loan agreement. As a result, a long-term ground lease was recently executed with the CNRC for the development of the proposed facility to be known as Chestnut Corner. This ground lease ensures AHFC retains control of land and reduces property taxes owed by the development since the land owned by the government is exempt.

The request for financing was received in response to a Notice of Funding Availability under the Rental Housing Development Assistance (RHDA) program for Affordable Housing General Obligation (GO) Bond funding. The Housing Bond Review Committee reviewed the funding application on December 3, 2008 and supports the proposed project. The project is subject to S.M.A.R.T. Housing™ standards and applicable environmental review requirements. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
HUD Section 202 Grant	\$ 2,000,100	Predevelopment	\$ 128,208
HUD planning grant	159,705	Construction	2,697,435
TDHCA grant	30,590	Soft costs	<u>364,752</u>
RHDA GO Bond funds	<u>1,000,000</u>	Total	\$ 3,190,395
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CNRC is a non-profit 501(c)(3) organization certified by the City of Austin as a Community Housing Development Organization (CHDO). The CNRC was established in 1998 to provide affordable housing and services to low-income families and has since developed affordable single-family housing in the Chestnut Neighborhood. The Chestnut Corner project is supported by the Chestnut Addition Neighborhood Association, and the J. J. Seabrook Neighborhood Association.

The requested funding is available in Fiscal Year 2008-2009 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and AHFC's strategy to provide assistance through below market-rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.